



**WAY Fund Managers Limited**

**WAY Global Blue Managed  
Portfolio Trust**

Final Report and Audited Financial Statements  
for the accounting year ended 31st March 2010

Issue date 28th July 2010

# WAY GLOBAL BLUE MANAGED PORTFOLIO TRUST

Manager's Report and Accounts  
for the year ended 31st March 2010

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# WAY GLOBAL BLUE MANAGED PORTFOLIO TRUST

## **Manager**

WAY Fund Managers Limited  
Cedar House  
3 Cedar Park  
Cobham Road  
Wimborne  
Dorset BH21 7SB  
Telephone: 01202 855 856

## **Independent Auditor**

Grant Thornton UK LLP  
30 Finsbury Square  
London EC2P 2YU

## **Investment Adviser**

FundQuest UK Limited\*  
77 Queen Victoria Street  
London EC4V 4AY

## **Directors of WAY Fund Managers Limited**

P Wilcox (Chairman)  
P Legg  
V Hoare  
A Stevens

WAY Fund Managers Limited\*\*  
50 Leadenhall Street  
London EC3A 2BJ

## **Trustee**

State Street Trustees Limited  
20 Churchill Place  
Canary Wharf  
London E14 5HJ

## **Registrar**

WAY Fund Managers Limited  
Cedar House  
3 Cedar Park  
Cobham Road  
Wimborne  
Dorset BH21 7SB

\* FundQuest UK Limited ceased acting as investment adviser on 31st January 2010.

\*\* With effect from 1st February 2010, WAY Fund Managers Limited were appointed as investment adviser.

# **REPORT OF THE INVESTMENT ADVISERS**

for the year ended 31st March 2010

## **Investment Objective and Policy**

The objective of the Trust is to provide long-term capital growth through management of an internationally diversified portfolio of collective investment schemes. This will give exposure to cash, debt instruments, equity and equity-linked investments selected from various markets worldwide encompassing a variety of economic sectors.

The assets of the Trust will be managed in such a way that the units in the Trust will be qualifying investments for Individual Savings Accounts. The use of derivatives is not permitted but borrowing will be permitted on a temporary basis under the terms of the Regulations.

Although the Trust will normally remain fully invested, the property of the Trust may consist of up to 10% cash or near cash where this may be reasonably regarded as necessary in order to enable the pursuit of the Trust's objective, the redemption of units and the efficient management of the Trust in accordance with its objectives or other purposes which may be reasonably regarded as ancillary to the objectives of the Trust.

## **For the period from 1st April 2009 to 31st January 2010**

### **Portfolio Review**

Equity markets during the middle part of 2009 were notable for their contrast to the preceding six months, as investor confidence and risk appetite returned with a vengeance. The good news that was the decline in the deterioration of macroeconomic indicators and positive corporate news for the first quarter earnings season were the initial catalysts, and were subsequently followed by other events such as the G20 undertakings in April and the successful stress testing of the US banking system.

However, despite these positive factors, other latent concerns emerged in the autumn and investor nervousness became more apparent in November, when the standstill agreement requested by the Dubai World conglomerate on part of its debt triggered a violent (albeit short-lived) reaction within equity markets, including those of developed countries. Towards the very end of the year though, support from the still accommodative stance of the major central banks; the weakness of the US dollar (up to early December) and the firmness of commodity prices kept markets on an upward trend going into January.

Consensus expectations of a continued modest rally for the early part of 2010 were disappointed when a sudden and sharp consolidation set in two-thirds of the way through January. Investors reacted very strongly to measures aimed at curbing bank lending slightly in China and draft legislation in the US to limit the size of banks and their market trading activities. Investor concern also increased on publication of below-expectation US indicators (real estate transactions, employment and durable goods orders in particular), which manifested itself in a sharp rise in the VIX Volatility Index.

## REPORT OF THE INVESTMENT ADVISERS

for the year ended 31st March 2010

Through the summer rally we built up exposure to areas where we felt growth would be stronger, adding to our Asia, Emerging Markets and Resources holdings. We continued with this strategy into the autumn and also added to growth oriented and more aggressively managed funds. We sold down some of our more defensively positioned and value orientated managers, such as Cazenove European, CF Odey Continental European and Invesco Perpetual Income, in favour of more aggressively managed funds such as Neptune European Opportunities, which is new to the portfolio, and Fidelity South East Asia. Another change we made in the portfolio more recently was the replacement of GLG Japan CoreAlpha with the value orientated Invesco Perpetual Japan Fund.

### Performance to 31st January 2010

Over the ten month period to 31 January 2010, the WAY Global Blue Portfolio Trust posted a return of 24.78%, modestly lagging the IMA Balanced Managed sector average return of 25.62%.

### Cumulative Performance

Performance to 31st January 2010 <sup>^</sup>	4 Months	10 Months	2 Years	3 Years	Since 01/09/02 <sup>†</sup>
					(Annualised)
WAY Global Blue Managed Portfolio Trust Acc	0.10%	24.77%	1.79%	-3.51%	5.82%
WAY Global Blue Managed Portfolio Trust Inc	0.11%	24.78%	1.85%	-3.53%	4.90%*
IMA Balanced Managed Sector Average	0.43%	25.62%	-1.18%	-3.92%	6.04%/5.78%*

### Discrete Performance

	2006	2007	2008	2009	YTD (31/03/10)
WAY Global Blue Managed Portfolio Trust Acc	6.46%	3.38%	-20.48%	20.92%	6.65%
WAY Global Blue Managed Portfolio Trust Inc	6.46%	3.38%	-20.51%	20.93%	6.65%

Source: Financial Express. Total return in Sterling, net revenue reinvested.

<sup>†</sup> Date FundQuest UK was appointed investment adviser.

<sup>^</sup> FundQuest ceased acting as investment adviser 31st January 2010.

\* Income units were first created 24th February 2004.

# REPORT OF THE INVESTMENT ADVISERS

for the year ended 31st March 2010

## Performance of Underlying Funds

Performance of the underlying funds was strong over the four month period, with the majority of the funds held outperforming their respective peer groups. Of particular note were the UK equity income funds, which had had a disappointing time during most of 2009 (partly due to being underweight in financials, particularly banks) but performed particularly well from the fourth quarter onwards when financials fell out of favour with investors. It is also pleasing to note that the US equity, resources and most of the bond funds performed well over the period.

\* **FundQuest UK Limited**

**1st April 2010**

\* With effect from 1<sup>st</sup> February 2010 WAY Fund Managers Limited were appointed to manage the WAY Global Blue Managed Portfolio Trust.

## For the period 1st February 2010 to 31st March 2010

### Portfolio Review

The management of the WAY Global Funds was taken "in house" from 1st February 2010.

Global equity markets took something of a dip in the early part of February but were soon recovering lost ground and in sterling terms made good progress to the end of March. Survey data in the major world economies was trending higher with the growth story being broadly evident for the past nine months or so. This has been coupled with progressively higher earnings estimates in most developed markets following reporting surprises on the upside notably in the UK, where corporate earnings have been helped by weak Sterling. Market volatility remained benign, peaking early in February and then trailing off towards the end of March.

### Performance to 31st March 2010

Over the two month period ending 31st March 2010 WAY Global Blue Managed Portfolio Trust returned 10.01%, ahead of the IMA Balanced Managed Sector Average return of 7.91%. This has added to the longer term performance track record.

<b>Performance from 1st February 2010 to 31st March 2010</b>	<b>2 Months</b>
WAY Global Blue Managed Portfolio Trust Acc	10.01%
WAY Global Blue Managed Portfolio Trust Inc	10.01%
IMA Balanced Managed Sector Average	7.91%

# REPORT OF THE INVESTMENT ADVISERS

for the year ended 31st March 2010

Performance to 31st March 2010	6 Months	12 Months	2 Years	3 Years	*Since 01/09/02 (annualised)
WAY Global Blue Managed Portfolio Trust Acc	9.65%	36.68%	12.77%	3.78%	6.09%**
WAY Global Blue Managed Portfolio Trust Inc	9.65%	36.67%	12.75%	3.76%	6.34%*
IMA Balanced Managed Sector Average	8.52%	35.74%	7.14%	1.84%	6.14%**/6.14%*

Source: Financial Express. Total return in Sterling, revenue reinvested.

\* Income units were first created 24th February 2004.

\*\* Accumulation units were first created 11th December 1991.

## Performance of Underlying Funds

The relative performance of most of the underlying investments continued to be strong. As one might expect upon a change in fund manager there were some underlying fund changes, though this continues to be a gradual process. Gold has historically been a safe haven in times of uncertainty and a small investment has been made into the Gold fund managed by Charteris. The holding in Legal and General Index Linked Gilts has been sold as has the holding in Schroder Agriculture, all of which have been beneficial to performance.

## Outlook

If there is a recurring theme amongst market commentaries and forecasts for 2010 and beyond it is uncertainty that prevails. There is simply no experience of the current economic mix of developed world deficits, government intervention, political pontification, asymmetric global growth (or potentially decline) with a perceived shift in an economic sense towards the east.

Equity markets have made significant gains so far this year despite the uncertainties, going forward. Within the heavily indebted developed markets the outlook for growth is not great and in the UK even less certain ahead of a General Election. Emerging Markets and the Far East look set to continue to lead growth well beyond 2010.

Bond markets have continued to enjoy a return to more normalised market conditions though there remains plenty of opportunities within conventional corporates as well as the index linked market on an international basis.

## **REPORT OF THE INVESTMENT ADVISERS**

for the year ended 31st March 2010

Diversification will be a continuing theme with exposure to non-correlated alternative asset classes becoming more important as equity and bond market gains may become more illusive.

**WAY Fund Managers Limited**

**10th May 2010**

## PORTFOLIO STATEMENT

as at 31st March 2010

Holding	Market Value £	Percentage of Total Net Assets %
<b>Continental Europe 13.13% (14.07%)</b>		
127,296 Cazenove European (Acc)	592,397	1.86
120,250 CF Odey Continental European (Acc)	641,055	2.02
50,655 IVI European (Inc)	674,729	2.12
251,486 J O Hambro Continental Europe 'Institutional' (Inc)	587,723	1.85
9,455 JPMorgan Europe Highbridge (Inc)	827,529	2.60
240,346 Neptune European Opportunities 'B' (Acc)	850,826	2.68
	<b>4,174,259</b>	<b>13.13</b>
<b>Far East 13.76% (10.02%)</b>		
213,128 CF Morant Wright Japan 'B' (Acc)	447,783	1.41
333,952 First State Asia Pacific Leaders 'B' (Acc)	1,090,954	3.43
328,499 Invesco Perpetual Japan (Acc)	914,673	2.88
456,889 Marlborough Far East Growth 'B' (Acc)	897,239	2.82
3,124 Tokio Marine Far East Equity	1,024,615	3.22
	<b>4,375,264</b>	<b>13.76</b>
<b>Global 14.70% (0.00%)</b>		
300,000 WAY Charteris Gold Portfolio	298,140	0.94
207,399 First State Global Resources 'B' (Acc)	772,208	2.43
115,818 Franklin Templeton Global Bond 'I' (Acc)	1,461,219	4.60
103,802 JPMorgan Emerging Markets Alpha Plus 'A' (Acc)	1,032,847	3.25
65,647 JP Morgan Natural Resources 'A' (Acc)	597,386	1.88
10,667 Nevesky Global Emerging (Inc)	502,843	1.60
	<b>4,664,643</b>	<b>14.70</b>

## PORTFOLIO STATEMENT

as at 31st March 2010

Holding	Market Value £	Percentage of Total Net Assets %
<b>United Kingdom 45.19% (61.61%)</b>		
887,667 Artemis Income (Inc)	1,436,335	4.52
102,445 AXA Framlington UK Select Opportunities (Acc)	1,739,511	5.47
346,946 Baillie Gifford High Yield Bond 'B' (Acc)	473,234	1.49
6,938,437 Fidelity Moneybuilder (Inc)	2,129,406	6.70
129,284 Fidelity Special Situations (Acc)	2,429,237	7.65
98,265 Invesco Perpetual Income (Acc)	1,705,768	5.37
1,354,714 Premier Portfolio Absolute Growth 'I' (Acc)	735,474	2.31
1,306,342 PSigma Income (Acc)	1,071,201	3.37
1,967,666 Schroder UK Alpha Plus (Acc)	2,274,622	7.16
147,057 Standard Life UK Growth 'A'	364,997	1.15
	<b><u>14,359,785</u></b>	<b><u>45.19</u></b>
<b>United States of America 10.78% (4.87%)</b>		
60,989 Findlay Park American Smaller Companies	1,658,274	5.22
2,407,590 UBS US Growth 'B' (Acc)	1,767,653	5.56
	<b><u>3,425,927</u></b>	<b><u>10.78</u></b>
<b>Market Value of Investments</b>		
<b>97.56% (90.57%)</b>	<b><u>30,999,878</u></b>	<b><u>97.56</u></b>
Net other assets	774,719	2.44
<b>Total net assets</b>	<b><u>31,774,597</u></b>	<b><u>100.00</u></b>

Note: Comparative figures shown in brackets relate to 31st March 2009.  
All holdings are Collective Investment Schemes unless otherwise stated.

## PERFORMANCE RECORD

### Trust Size

Date	Net asset value (£)	Net asset value pence per unit		No. of units in issue	
		Accumulation	Income**	Accumulation	Income**
31st March 2008	29,138,492	122.33	122.33	10,836,325	12,983,575
31st March 2009	23,793,423	100.75	100.73	11,003,221	12,616,175
31st March 2010	31,774,597	138.09	137.99	9,975,401	13,049,938

### Unit Price Range

Calendar Period	Accumulation Units		Income Units**	
	Highest Offer (pence)	Lowest Bid (pence)	Highest Offer (pence)	Lowest Bid (pence)
2005	129.10	100.10	129.10	100.10
2006	137.60	115.40	137.60	115.40
2007	140.00	125.70	140.00	125.70
2008	143.00	94.72	143.00	94.72
2009	129.69	95.25	129.67	95.23
2010*	138.03	124.62	138.00	124.59

### Other Relevant Prices

Date		Accumulation Units		Income units**	
		Offer Price (pence)	Bid Price (pence)	Offer Price (pence)	Bid Price (pence)
9th December 1991	Launch Date	50.00	-	-	-
7th June 2005	Creation Date	-	-	104.60	104.60
31st March 2010	Accounts	138.03	138.03	138.00	138.00
14th July 2010	Latest Date	130.27	130.27	129.84	129.84

### Net revenue Accumulation/Distribution

Calendar Year	Accumulation Units		Income units**	
	Pence per unit	Per £1,000 invested at 02/01/2005	Pence per unit	Per £1,000 invested at 02/01/2005
2005	-	-	-	-
2006	-	-	-	-
2007	0.0324	0.33	0.0324	0.32
2008	-	-	-	-
2009	-	-	-	-
2010*	-	-	-	-

\*1st January to 31st March 2010.

\*\*Income units were first created on 26th February 2004.

## **PERFORMANCE RECORD - *continued***

### **Total Expense Ratio (TER)**

The TER of the Trust as at 31st March 2010 was 2.92% (31st March 2009: 2.28%)

Past performance is not necessarily a guide to future performance. Investors are reminded that the price of units and the revenue from their investment may fluctuate.

### **Portfolio Turnover Rate (PTR)**

The Portfolio Turnover Rate (PTR) is a ratio that reflects the volume of trading within the Fund over the course of a twelve month period. The PTR is calculated by taking the sum of all transactions in securities less the sum of all transactions in the Fund's units and is expressed as a percentage of the Fund's average net asset value.

The PTR for the twelve months ending 31st March 2010 was 18.31% compared to 101.53% for the year ended 31st March 2009.

**Authorised Status**

WAY Global Blue Managed Portfolio Trust is an Authorised Unit Trust Scheme as defined in Section 243 of the Financial Services and Markets Act 2000, and is a UCITS Scheme within the meaning of the Financial Services Authority's Collective Investment Schemes sourcebook ("COLL").

**Directors' Statement**

This annual report and financial statements on pages 16 to 30 were approved by the Manager and signed on its behalf by:

A Stevens (Director)

V Hoare (Director)

WAY Fund Managers Limited

28th July 2010

## **Statement of the Manager's Responsibilities**

The Collective Investment Schemes sourcebook as amended (“the Regulations”) requires the Manager to prepare financial statements for each annual accounting period which give a true and fair view of the financial affairs of the Scheme and of its net expense and net capital gains/(losses) on the property of the Scheme for the year. In preparing the financial statements the Manager is required to:

- select suitable accounting policies and then apply them consistently;
- comply with the disclosure requirements of the Statement of Recommended Practice relating to Financial Statements of Authorised Funds issued by the Investment Management Association;
- follow UK generally accepted accounting principles and applicable UK accounting standards;
- keep proper accounting records which enable it to demonstrate that the financial statements as prepared comply with the above requirements;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Scheme will continue in operation.

The Manager is responsible for the management of the Scheme in accordance with the Trust Deed, Prospectus and the Regulations. The Manager is responsible for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **Statement of the Trustee's Responsibilities in respect of the Scheme and Report of the Trustee to the Unitholders of WAY Global Blue Managed Portfolio (“the Company”)**

The Trustee is under a duty to take into its custody or under its control all of the property of the scheme and to hold it in trust for the holders of units. Under the rules in the Financial Services Authority's Collective Investment Schemes sourcebook (COLL) relating to Reports it is also the duty of the Trustee to enquire into the conduct of the Manager in the management of the scheme in each accounting period and to report thereon to unitholders in a report which shall contain the matters prescribed by the rules. A copy of the Trustee's report is included in this report.

## **Report of the Trustee to the Unitholders of WAY Global Blue Managed Portfolio**

Having carried out such procedures as we considered necessary to discharge our responsibilities as Trustee of the Scheme, it is our opinion, based on the information available to us and the explanations provided, that the Manager has, in all material respects, managed the Scheme during the period in accordance with the investment and borrowing powers and restrictions applicable to the Scheme, and otherwise in accordance with the provisions of the Trust Deed and the rules in the Financial Services Authority's Collective Investment Schemes sourcebook (COLL).

State Street Trustees Limited  
20 Churchill Place  
London E14 5HJ

28th July 2010

## **Report of the Independent Auditor to the Unitholders of WAY Global Blue Managed Portfolio Trust**

We have audited the financial statements of WAY Global Blue Managed Portfolio Trust for the year ended 31st March 2010 which comprise the statement of total return, the statement of change in net assets attributable to unitholders, the balance sheet, and notes 1 to 16. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Trust's unitholders, as a body, in accordance with Rule 4.5.12 of the Collective Investment Schemes sourcebook issued by the Financial Services Authority under section 247 of the Financial Services and Markets Act 2000. Our audit work has been undertaken so that we might state to the Trust's unitholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trust and the Trust's unitholders as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective Responsibilities of the Manager and the Auditor**

The Manager's responsibilities for preparing the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), the Statement of Recommended Practice "Financial Statements of Authorised Funds" issued by the Investment Management Association, the Financial Services Authority's Collective Investment Schemes sourcebook, and the trust deed are set out in the Statement of the Manager's Responsibilities. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Statement of Recommended Practice 'Financial Statements of Authorised Funds' issued by the Investment Management Association, the Financial Services Authority's Collective Investment Schemes sourcebook, and the trust deed. We also report to you whether in our opinion the information given in the Manager's Report (which comprises the management and professional service details, the report of the investment advisers, the portfolio statement and the authorised status) is consistent with the financial statements, and state whether we have been given all the information and explanations, which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

In addition we report to you if, in our opinion, proper accounting records for the Trust have not been kept, or if the financial statements are not in agreement with those records.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises the Performance Record. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

## **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Manager in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Trust's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

## **Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the financial position of the Trust as at 31st March 2010 and of the net revenue and net capital gains on the scheme property of the Trust for the year then ended;
- the financial statements have been properly prepared in accordance with the Statement of Recommended Practice "Financial Statements of Authorised Funds" issued by the Investment Management Association in November 2008, the Financial Services Authority's Collective Investment Schemes sourcebook, and the Trust Deed;
- the information given in the Manager's Report is consistent with the financial statements.

We have been given all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

Grant Thornton UK LLP  
Registered Auditor and Chartered Accountants  
London, England

28th July 2010

## STATEMENT OF TOTAL RETURN

for the year ended 31st March 2010

		2010		2009	
	Notes	£'000	£'000	£'000	£'000*
Income					
Net capital gains/(losses)	4		8,849		(5,170)
Revenue	5	503		493	
Expenses	6	(598)		(576)	
Finance costs: Interest	8	(1)		2	
Net expense before taxation		(96)		(81)	
Taxation	7	2		(31)	
Net expense after taxation			(94)		(112)
Total return before distributions			8,755		(5,282)
Finance costs: Distribution credit	8		-		1
<b>Change in net assets attributable to unitholders from investment activities</b>			<b>8,755</b>		<b>(5,281)</b>

\*Comparative figures have been restated for the presentation changes following adoption of the Statement of Recommended Practice for Authorised Funds issued by the IMA in November 2008 (see Note 1 on page 18).

## STATEMENT OF CHANGE IN NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

for the year ended 31st March 2010

	2010		2009	
	£'000	£'000	£'000	£'000
<b>Opening net assets attributable to unitholders</b>		23,793		29,151
Amount receivable on creation of units	2,361		2,883	
Less: Amounts payable on cancellation of units	(3,128)		(2,951)	
		(767)		(68)
Change in net assets attributable to unitholders from investment activities (see above)		8,755		(5,281)
Stamp Duty Reserve Tax		(6)		(5)
<b>Closing net assets attributable to unitholders</b>		<b>31,775</b>		<b>23,797</b>

## BALANCE SHEET

as at 31st March 2010

	Notes	2010 £'000	2009 £'000
<b>Assets</b>			
Investment assets		<b>31,000</b>	21,550
Debtors	9	<b>153</b>	512
Cash and bank balances		<b>901</b>	1,790
Total other assets		<b>1,054</b>	2,302
<b>Total assets</b>		<b>32,054</b>	23,852
<b>Liabilities</b>			
Creditors	10	<b>(137)</b>	(59)
Bank overdrafts		<b>(142)</b>	-
<b>Total liabilities</b>		<b>(279)</b>	(59)
<b>Net assets attributable to unitholders</b>		<b>31,775</b>	23,793

# NOTES TO THE FINANCIAL STATEMENTS

as at 31st March 2010

## 1. Accounting Policies

### a) Basis of accounting

The annual financial statements have been prepared on the same basis as the audited financial statements for the year ended 31st March 2009. They are in accordance with the historical cost convention, as modified by the revaluation of investments, and the Statement of Recommended Practice for Authorised Funds issued by the Investment Management Association (IMA) in November 2008 (the IMA SORP 2008).

During the year, the Fund has adopted the IMA SORP 2008. This has resulted in presentational changes to the Statement of Total Return whereby currency gains £96,259 (2009: £39,923) and transaction charges £2,518 (2009: £5,668) are now classified as capital gains .

### b) Valuation of Investments

All investments, which are collective investment schemes, are shown at the bid market value, or in the case of shares in open-ended investment companies, their single price at 12 noon on the last working day of the accounting year.

### c) Foreign Exchange

Transactions in foreign currencies are translated at the rate of exchange ruling on the date of the transaction. Where applicable, assets and liabilities denominated in foreign currencies are translated into Sterling at the rates of exchange ruling at 12 noon on 31st March 2010, being the last working day of the accounting year.

### d) Revenue

Distributions from Collective Investment Schemes are included in the property net of tax when the security is quoted ex-distribution. Bank interest and renewal commission is accounted for on an accruals basis. Renewal commissions are included in revenue or capital according to whether they are of a revenue or capital nature in the underlying collective investment scheme.

### e) Expenses

All expenses are charged against revenue, other than those relating to the purchase and sale of investments and stamp duty reserve tax, which are charged to capital.

# NOTES TO THE FINANCIAL STATEMENTS

as at 31st March 2010 - *continued*

## **1 Accounting Policies - *continued***

### **f) Taxation**

The charge for taxation is based on the revenue for the year. UK dividend revenue is disclosed net of any related tax credit. The payment of taxation is deferred or accelerated because of timing differences between the treatment of certain items for accounting and taxation purposes. Full provision for deferred taxation is made under the liability method without discounting, on all timing differences that have arisen, but not reversed by the balance sheet date, unless such provision is not permitted by Financial Reporting Standard 19.

## **2. Distribution Policies**

### **a) Distribution/Accumulation Policy**

The Scheme will pay any surplus income as a distribution/accumulation.

### **b) Equalisation**

The first distributions received from investments in collective investment schemes may include an element of equalisation which represents the average amount of revenue included in the price paid for units. The equalisation is treated as a return of capital for taxation purposes and does not carry a tax credit. Equalisation received from its underlying investments has been treated as a reduction in the book cost of the investments and not distributed.

## **3. Risk Management Policies**

The Fund Manager uses a risk management process, as reviewed by the Trustee, enabling it to monitor and measure, as frequently as appropriate, the exposure to risks and their potential impact to a trusts overall risk profile.

Set out below are the Fund Managers' policies for the identification and mitigation of risks. Where these risks are relevant to the Trust they are detailed in Note 15 of the Managers Report and Accounts.

### **a) Counterparty and Credit Risk**

The risk of failure (including delay) by counterparties to deliver assets (or rights to assets) purchased or in paying monies for assets sold. Credit risk also applies to third party institutions, banks or countries in which debt assets are held (e.g. loan stock, cash deposits).

## NOTES TO THE FINANCIAL STATEMENTS

as at 31st March 2010 - *continued*

All transactions are, where possible, always settled on a delivery against payment basis either directly (e.g. transactions in collective investment schemes) or through approved brokers.

The credit worthiness of institutions is monitored by the investment adviser and applied in accordance with the COLL Rules issued by the FSA.

### **b) Market Risk**

This risk arises mainly from uncertainty about future prices of financial instruments held. It represents the potential loss a Trust might suffer through holding market positions in the face of price movements. The greater the correlation of holdings within a single market (e.g. sectors (geographic, industrial), currencies (un-hedged) and counterparties (countries, indexes, corporate bodies)) the more a Trust is exposed to market risk.

Although this risk is by its nature systemic to the trading of financial securities, so as to mitigate against the extremes of market volatility each Trust will diversify its portfolio and the Investment Adviser is required to ensure that a prudent spread of risk is applied at all times. The exposure to market risk within a trust will vary depending on its objectives, policies and type of authorisation applied to it. The Fund Manager monitors each Trust to ensure that it does not exceed its exposure (investment limits) as prescribed in the Trust's prospectus and the FSA Rules.

### **c) Operational Risk**

The risk that the Fund Manager is unable to manage the day to day operation of Trust(s) under management in accordance with key responsibilities and duties that apply.

The Manager has established processes to monitor all functions relating to key responsibilities and duties that are performed (whether in-house through third party outsourcing) to ensure that these are managed and controlled in accordance with the requirements of the FSA Rules. This monitoring is conducted on both a day to day basis and also through periodic formal monitoring at the place of operation. The functions and control processes operated by the Fund Manager and third parties are subject to oversight by the Trustee. The Fund Manager and third parties maintain suitable disaster recovery and business continuity provisions that are monitored and subject to annual review.

## **NOTES TO THE FINANCIAL STATEMENTS**

as at 31st March 2010 - *continued*

### **d) Liquidity Risk**

The risk that a trust will not be able to redeem sufficient assets in a required period of time to meet any financial commitments as they may be placed against the fund from time to time (e.g. settlement to unit holders for the redemption of units). Although the diversity of assets held within a each Trust's portfolio will vary depending on its objectives, policies and type of authorisation applied to it, the Investment Advisor is required to maintain a level of liquidity that is adequate to meet the reasonable expectations of Fund Manager as to the level of disinvestment in a trust. So as to avoid the disposal of assets to meet short term redemptions, the Investment Advisor has the ability to borrow up to 10% of a trust's net asset value.

### **e) Currency (Foreign Exchange) Risk**

Trusts may hold assets that are priced in a currency other than that in which units issued by a trust are priced (base currency). It is also possible that collective investment schemes (or similar investment schemes) held by a trust may have an indirect exposure to underlying assets that are priced in a non-base currency. Where this is the case, the trust is exposed to variations in the foreign exchange rates and the risk of volatility on the foreign exchange markets. This may result in adversely affecting the value of assets held.

Although the exposure to foreign currency risk cannot be eliminated, the Investment Adviser may use forward foreign currency trades (if permitted within the trust prospectus) to hedge against exposure short term volatility. The Investment Adviser may decide that this approach is not appropriate as a result of costs involved. Where the Trust is not permitted to use hedging, the Investment Adviser will manage exposure to this risk within the portfolio.

### **f) Interest Rate Risk**

The risk to assets (e.g. fixed interest, floating rate notes, and cash deposits) linked to the currency base rates or LIBOR.

Where applicable to a trust, the Investment Advisor monitors the exposure to rates over any given period to ensure that they remain relevant to the trust's objectives and policies.

## NOTES TO THE FINANCIAL STATEMENTS

as at 31st March 2010 - *continued*

### 4. Net Capital Gains/(Losses)

The net capital gains/losses during the year comprise:

	<b>2010</b>	2009
	<b>£'000</b>	£'000
Non-derivative securities	<b>8,708</b>	(5,254)
Currency gains	<b>97</b>	40
Transaction charges	<b>(3)</b>	(6)
Renewal commission	<b>47</b>	50
Net capital gains	<b>8,849</b>	(5,170)

### 5. Revenue

	<b>2010</b>	2009
	<b>£'000</b>	£'000
Franked UK distributions	<b>275</b>	163
Unfranked UK distributions	<b>222</b>	281
Bank interest	<b>6</b>	49
	<b>503</b>	493

## NOTES TO THE FINANCIAL STATEMENTS

as at 31st March 2010 - continued

### 6. Expenses

	2010 £'000	2009 £'000
<b>Payable to the Manager or associates of the Manager:</b>		
Manager's periodic charge	567	541
Registration fees	8	6
	<u>575</u>	<u>547</u>
<b>Payable to the Trustee or associates of the Trustee:</b>		
Trustee's fee	12	14
Safe custody charges	4	3
	<u>16</u>	<u>17</u>
<b>Other expenses:</b>		
Audit fees	7	11
FSA fees	-	1
	<u>7</u>	<u>12</u>
Total expenses	<u><u>598</u></u>	<u><u>576</u></u>

## NOTES TO THE FINANCIAL STATEMENTS

as at 31st March 2010 - continued

### 7. Taxation

	<b>2010</b>	2009
	<b>£'000</b>	£'000
a) Analysis of charge in year:		
Irrecoverable income tax	<u>(2)</u>	31
Current tax charge (note 7b)	<u>(2)</u>	31
Deferred tax (note 7c)	<u>-</u>	-
Total Taxation	<u><u>(2)</u></u>	<u>31</u>
b) Factors affecting taxation charge for the year:		
Net expense before taxation	<u>(96)</u>	(81)
Corporation tax at 20% (2009: 20%)	<u>(19)</u>	(16)
Effects of:		
Franked distributions	<u>(55)</u>	(33)
Current year expenses not utilised	<u>65</u>	40
Irrecoverable income tax	<u>(2)</u>	31
Tax effect of renewal commission	<u>9</u>	10
Current tax charge (note 7a)	<u><u>(2)</u></u>	<u>32</u>
c) Deferred tax		
Provision at the start of the year	-	-
Deferred tax charge in the year	-	-
Provision at the end of the year	<u>-</u>	<u>-</u>
	<u><u>-</u></u>	<u><u>-</u></u>

The Fund has not recognised a deferred tax asset of £470,810 (2009: £405,977) arising as a result of having unutilised management expenses. It is unlikely the Fund will generate sufficient taxable profits in the future to utilise these amounts and therefore no deferred tax asset has been recognised in the year or the prior year.

## NOTES TO THE FINANCIAL STATEMENTS

as at 31st March 2010 - continued

### 8. Finance Costs

#### Distributions and Interest

The distributions take account of revenue received on the creation of units and revenue deducted on the cancellation of units, and comprise:

	<b>2010</b>	2009
	<b>£'000</b>	£'000
Final distribution	-	-
Final accumulation	-	-
	<hr/>	<hr/>
	-	-
Add: Revenue deducted on cancellation of units	<b>2</b>	1
Deduct: Revenue received on issue of units	<b>(2)</b>	(2)
	<hr/>	<hr/>
Net distribution for the year	-	(1)
Interest	<b>1</b>	2
	<hr/>	<hr/>
Total finance costs	<b>1</b>	1
	<hr/> <hr/>	<hr/> <hr/>

### 9. Debtors

	<b>2010</b>	2009
	<b>£'000</b>	£'000
Amounts receivable for creation of units	<b>8</b>	24
Accrued revenue	<b>76</b>	70
Sales awaiting settlement	-	394
Fees Rebates Receivable	<b>34</b>	-
CIS income tax recoverable	<b>35</b>	24
	<hr/>	<hr/>
	<b>153</b>	512
	<hr/> <hr/>	<hr/> <hr/>

## NOTES TO THE FINANCIAL STATEMENTS

as at 31st March 2010 - continued

### 10. Creditors

	2010	2009
	£'000	£'000
Amounts payable for cancellation of units	1	-
Accrued expenses	71	59
Other creditors	65	-
	<u>137</u>	<u>59</u>

### 11. Equalisation

Equalisation is the accrued revenue included in the price of units purchased during the distribution period (Group 2 units) which is refunded as part of a unitholders' first distribution/accumulation, so as to provide the same distribution/accumulation for all units of the same type. As a repayment of capital it is not liable to income tax and should be deducted from the cost of units for Capital Gains Tax purposes.

### 12. Related parties

WAY Fund Managers Limited, together with State Street Trustees Limited are regarded as controlling parties by virtue of having the ability to act in concert in respect of the operations of the Trust.

WAY Fund Managers Limited, a related party, acts as principal on all the transactions of units in the Trust. The aggregate monies received through issues and cancellations are disclosed in the statement of change in net assets attributable to unitholders', amounts due to/from WAY Fund Managers Limited in respect of unit transactions at the year end are disclosed in the balance sheet.

Cash balances on deposit with State Street Trustees Limited are disclosed in the balance sheet together with interest due.

Neither WAY Fund Managers Limited nor State Street Trustees Limited entered into any other transactions with the Trust during the year.

### 13. Units

The Trust has Income and Accumulation Units. The annual management charge is 2% of the value of the Trust. The net asset value per unit is given in the performance record on page 10.

# NOTES TO THE FINANCIAL STATEMENTS

as at 31st March 2010 - continued

## 14. Financial Instruments

In pursuing its investment objective set out on page 3 the Trust may hold a number of financial instruments. These comprise:

- units and shares in collective investment vehicles. These are held in accordance with the Trust's investment objective and policies;
- cash, liquid resources and short-term debtors and creditors that arise directly from its operations;
- unitholders' capital which represents investors monies which are invested on their behalf; and
- temporary borrowings used to finance investment activity.

## 15. Risks of Financial Instruments

The main risks arising from the Trust's financial instruments are market price, foreign currency, interest rate, liquidity and credit risks. The Manager reviews (and agrees with the Trustee) policies for managing each of these risks and they are summarised below. These policies have remained unchanged since the beginning of the period to which these financial statements relate:

- *Market risk* - arises mainly from uncertainty about future prices of financial instruments held. It represents the potential loss the Trust might suffer through holding market positions in the face of price movements.

The Investment Adviser regularly considers the asset allocation of the portfolio in order to minimise the risk associated with particular countries or industry sectors whilst continuing to follow the investment objective. An individual fund manager has responsibility for monitoring the existing portfolio selected in accordance with the overall asset allocation parameter described above and seeks to ensure that individual stocks also meet the risk reward profile that is acceptable.

The Manager does not use derivative instruments to hedge the investment portfolio against market risk.

- *Foreign currency risk* - the Trust's financial assets and liabilities are invested in other Unit Trusts and ICVCs, most, but not all, of whose prices are quoted in Sterling. The Trust therefore has a direct exposure to foreign currency risk in respect of part of its portfolio. In addition, the value of some of the Trust's underlying investments will be affected by movements in exchange rates against Sterling, in respect of non-Sterling denominated assets held by those investments.

## NOTES TO THE FINANCIAL STATEMENTS

as at 31st March 2010 - continued

### 15. Risks of Financial Instruments - *continued*

Net foreign currency assets at 31st March 2010 was as follows:

Currency	Monetary	Non-Monetary	Total
	exposures	exposures	
	2010	2010	2010
	£'000	£'000	£'000
Euro	-	1,461	1,461
US Dollar	-	3,716	3,716
	-	5,177	5,177

Net foreign currency assets at 31st March 2009 was as follows:

Currency	Monetary	Non-Monetary	Total
	exposures	exposures	
	2009	2009	2009
	£'000	£'000	£'000
Euro	-	1,223	1,223
US Dollar	-	2,071	2,071
	-	3,294	3,294

- *Interest rate risk* - the majority of the Trust's financial assets are Unit Trusts and ICVCs which neither pay interest nor have a maturity date. However, the Trust invests in bond funds with underlying investments in assets which are subject to risk from interest rate fluctuation.

## NOTES TO THE FINANCIAL STATEMENTS

as at 31st March 2010 - continued

### 15. Risks of Financial Instruments - *continued*

The direct interest rate risk profile of financial assets and financial liabilities as at 31st March 2010 was as follows:

	Fixed Rate financial assets 2010 £'000	Floating Rate financial assets 2010 £'000	Financial assets not carrying interest 2010 £'000	Total 2010 £'000
Currency	-	-	1,461	1,461
Euro	-	901	25,823	26,724
Sterling	-	-	3,716	3,716
US Dollar	-	901	31,000	31,901
	Fixed Rate financial liabilities 2010 £'000	Floating Rate financial liabilities 2010 £'000	Financial liabilities not carrying interest 2010 £'000	Total 2010 £'000
Currency	-	142	-	142
Sterling	-			

The direct Interest rate risk profile of financial assets and financial liabilities as at 31st March 2009 was as follows:

	Fixed Rate financial assets 2009 £'000	Floating Rate financial assets 2009 £'000	Financial assets not carrying interest 2009 £'000	Total 2009 £'000
Currency	-	-	1,223	1,223
Euro	-	1,790	18,256	20,046
Sterling	-	-	2,071	2,071
US Dollar	-	1,790	21,550	23,340

## NOTES TO THE FINANCIAL STATEMENTS

as at 31st March 2010 - continued

### 15. Risks of Financial Instruments - *continued*

	Floating Rate financial liabilities	Financial liabilities not carrying interest	Total
	2009	2009	2009
	£'000	£'000	£'000
Currency			
Sterling	-	-	-

The floating rate assets and liabilities comprise bank balances and overdrafts whose rates are determined by reference to LIBOR or international equivalent borrowing rate.

Short term debtors and creditors are excluded in the above interest rate risk profile.

- *Liquidity risk* - the Trust's assets comprise mainly realisable securities, which can be readily sold. The main liability of the Trust is the redemption of any units that investors wish to sell. Under the regulations of the Trust there is also the availability of temporary borrowing.
- *Credit risk* - certain transactions in securities that the Trust enters into expose it to the risk that the counterparty will not deliver the investment (purchase) or cash (sale) after the Trust has fulfilled its responsibilities.

Where applicable the Trust only buys and sells investments through brokers which have been approved as an acceptable counterparty. In addition, limits are set as to the maximum exposure to any individual broker that may exist at any time, these limits are reviewed regularly. The Trust holds bond funds and as a result there is underlying credit risk attached to the bond funds.

- *Fair value* - there is no material difference between the value of the financial assets and liabilities, as shown in the balance sheet, and their fair value.
- *Derivatives and other financial instruments* - The Trust does not hold any derivatives.

### 16. Contingent liabilities

There were no contingent liabilities at the year end.

## **GENERAL INFORMATION**

### **Trust Deed**

The Trust was established by a Trust Deed made between the Manager and the Trustee dated 27th November 1991.

### **Prospectus**

Copies of the Trust's Prospectus are available free of charge from the Manager upon request.

### **Unit Type**

The Trust issues both revenue and Accumulation units. Income units are only available for investments in the WAY Inheritor Plan.

### **Pricing and Dealing**

A buying price (the price at which you have bought the units in the Trust and being the higher) and a selling price (the price at which you can sell the units back to the Manager and being the lower) are always quoted for the Trust. The buying price includes the Manager's initial charge.

With effect from 26th April 2010 the price of investments have been quoted based on a single price basis (on a mid market basis).

Dealing in all unit trusts operated by WAY Fund Managers Limited may be carried out between 09:00 and 17:00 hours on any business day. Investors and advisers may sell units over the telephone. Units can only be bought in writing enclosing settlement in full. Prices are quoted on a 'forward' basis. This means that all deals are based on a price that is calculated at the next valuation point (which is 12:00 hours on each business day) following receipt of instructions. Instructions received before 12:00 hours will be priced at 12:00 hours that day, whilst those deals taken later in the day will receive the next dealing price which is fixed at 12:00 hours on the following business day.

In the case of large deals of £15,000 and over, the Manager has the discretion to quote a special price within the limits laid down under the Regulations. The "special price" will be a price between the offer (full buying) price and the cancellation price (the price at which units are liquidated from the Trust).

The minimum initial lump sum investment in the Trust is £10,000 (WAY Inheritor Plan minimum is £100,000) and the minimum amount you may sell back to the Manager at any one time is £1,000, providing you maintain a balance of £10,000 (WAY Inheritor Plan minimum is £100,000). At its absolute discretion, the Manager may accept a lower minimum amount for the purchase and sale of units.

## **GENERAL INFORMATION - continued**

A contract note in respect of any purchase will be issued immediately. Unit certificates will not be issued. Instructions to sell your units may be required to be given in writing to WAY Fund Managers Limited, Cedar House, 3 Cedar Park, Cobham Road, Wimborne, Dorset BH21 7SB. A contract note confirming the instruction to sell will be issued immediately. Following receipt of a correctly completed Form of Renunciation, a cheque in settlement will be sent direct to you or your bank/building society within four business days.

### **Management Charges, Spreads and Yields**

The initial charge on the Trust is 5.25% and the annual management fee is 2%. The Trust Deed permits these to be increased to a maximum of 7.527% and 3.25% respectively, with any proposed increases subject to three months' notice to unitholders. As at 14th July 2010 the difference between the quoted bid and the offer prices was nil.

As at 14th July 2010 the net estimated yield was nil. This yield is calculated and published daily.

Certain other expenses are met by the Trust, all of which are detailed in the Scheme Particulars.

### **Reports**

Reports, in their "short-form", will be sent to all unitholders on an annual and half-yearly basis. The "long-form" accounts are available free of charge on request from the Manager.

### **Publication of Prices**

The price of units in the Trust is currently quoted daily on the web pages of Financial Express at [www.fundlistings.com](http://www.fundlistings.com).

### **Stamp Duty Reserve Tax**

Stamp Duty Reserve Tax ("SDRT") is a 0.5% tax that is payable by the Trustee of a unit trust when unitholders sell their units in that unit trust. This may have an affect on you as the unitholder depending on how the unit trust manager will be treating this particular charge. Subject to limits contained within the Trust's Prospectus, any SDRT liability incurred by WAY Global Blue Managed Portfolio Trust will be charged to the Trust, which could mean that less of your money will be invested for potential capital and revenue growth.

## **GENERAL INFORMATION - continued**

### **Capital Gains Tax**

As an authorised unit trust, the Trust is exempt from UK Capital Gains tax. An individual's first £10,100 of net gains on disposals in the 2010/2011 tax period are exempt from tax. Gains in excess of £10,100 will be taxed according to how long the investment has been held for periods after 6th April 1998.

### **Important Information**

It is important to remember that the price of units, and the revenue from them, can fall as well as rise and is not guaranteed and that investors may not get back the amount originally invested. Past performance is not a guide to future performance. Changes in the rate of exchange of currencies, particularly where overseas securities are held, may also affect the value of your investment. The issue of units may be subject to an initial charge and this is likely to have an impact on the realisable value of your investment, particularly in the short term. You should always regard unit trust investment as long term.